MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BIB2074 – INTERNATIONAL BUSINESS

(All sections / Groups)

28 OCTOBER 2017
9.00 a.m. - 11.00 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages with 4 Questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please print all your answers in the Answer Booklet provided.

QUESTION 1

July 1 2017 marks the 20th anniversary of Hong Kong's transfer to China. In effect of the transfer, under the Sino-British Joint Declaration, Hong Kong was guaranteed 50 years of autonomy in running the state in most matters except matters involving national security and foreign relations. The handover increased the effects of globalisation by encouraging more foreign businesses to use Hong Kong as a springboard to enter China. Nonetheless, Hong Kongers marked the 20th Anniversary by a large scale protest, staged during China's president Xi Jinping visit. The Civil Human Rights Front accused China of offering "fake democracy" to Hong Kong's 7.3 million residents. Protesters claimed that the people did not have universal suffrage (rights to political vote) as promised and the wishes where the aspirations, hopes, and needs of the Hong Kong people are not truly represented, which made them angry.

Sources:

1. *Hong Kong Business Times, "Hong Kong has the highest level of globalization for the second time" (12 February 2016).*
2. *The Guardian (UK,), "Thousands march in Hong Kong to show dissent for Chinese rule" (1 July 2017").*

a) Discuss the issue of "globalisation and national sovereignty" from the following perspectives (Answer must be supported with evidences from the case):
   i) Critics' view. (5 marks)
   ii) Supporters' view. (5 marks)

b) List **SEVEN** (7) characteristics of an ideal representative democracy. (15 marks)

(Total: 25 marks)

QUESTION 2

The values of companies involved in mergers and acquisitions have increased significantly since the last decade. However, many did not fare well as the seemingly ageless pattern of giant failures continues. Mergers and acquisitions is a mug's game where the tendency to lose is always greater than to win. Typically, 70% to 90% of acquisitions are terrible failures.

Source: Harvard Business Review, "M&A: The One Thing You Need to Get Right" (June 2016).

a) Elaborate **THREE** (3) reasons why acquisitions fail. (12 marks)

b) Propose **TWO** (2) ways to reduce the risks of acquisition failure. (5 marks)

c) An alternative to acquisitions is to embark on a greenfield venture. Explain **TWO** (2) advantages and **TWO** (2) disadvantage of greenfield ventures. (8 marks)

(Total: 25 marks)

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QUESTION 3

Both Thailand and the Philippines include rice and sugar cane as part of their agricultural product diversification strategy. In Thailand, more than half, that is 53% of the agricultural lands are planted with rice and 7% with sugar cane. On the other hand, in the Philippines, 35% of the agricultural lands are planted with rice and 3% with sugar cane.

Source: Business World, "How are Filipino farmers faring versus Thai farmers?" (11 April 2017).

Assume both Thailand and the Philippines have 600 units of resources, and the resources are equally distributed for the production of rice and sugar cane in both countries. Thailand uses 24 units to produce 1 mil. tonnes of rice and 30 units to produce 1 mil. tonne of sugar cane while the Philippines uses 60 units to produce rice and 40 units to produce sugar cane. Later, in order to capitalise on comparative benefits, both countries decided to specialise. Thailand increased its allocation of resources for rice to 480 units in the expense of sugar cane, while the Philippines specialises completely in the production of sugar cane. Both countries then traded on a basis of 6 units of rice for 6 units of sugar cane.

Note: Sub-sections (a), (b), and (c) should be presented in a table.

a) Before specialisation, what is the combined production of both countries for rice and sugar cane? (6 marks)

b) After specialization based on absolute advantages, what is the combined production of both countries for rice and sugar cane? (6 marks)

c) After trade, what are the extra amounts of rice and sugar cane enjoyed by both countries. (8 marks)

d) Explain **TWO** (2) limitations of exporting. (5 marks)

(Total: 25 marks)

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QUESTION 4

US President Trump has championed for Americans to "Buy American and Hire Americans". However, many pointed out that Trump's words don't match his actions. He promotes American-made products but at the same time, manufactures his own products in foreign countries like Bangladesh, Indonesia, and China. It was refuted that Americans do what the Trump do: Americans say they want to buy stuff made in the U.S.A., but when asked if they would be willing to pay more for it, they reconsidered. An Associated Press-GFK poll in 2016 found nearly 75 percent of Americans prefer to purchase American-made goods, but only 30 percent were willing to pay more for them.

Source: Washington Post, " Trump's Made in America campaign has a big problem" (21 July 2017).

a) Explain **FOUR** (4) hidden costs / concerns with foreign production locations. (13 marks)

b) Define "Country of Origin Effects" and explain how it influences Americans' evaluation of foreign-produced products. (5 marks)

c) What is the staffing policy practiced by American manufacturing facilities in cheap-labour countries? Justify your answer. (5 marks)

d) According to the staffing policy proposed in (c), how do you determine the appropriate level of compensation for workers in these countries? (2 marks)

(Total: 25 marks)

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